

BUDGET LETTER

| | |
|--|---|
| SUBJECT: PROJECTS SUBJECT TO THE STATE CONTRACT ACT | NUMBER: BL 08-03 |
| REFERENCES: PUBLIC CONTRACT CODE SECTIONS 10105 AND 10108.5 | DATE ISSUED: February 1, 2008 SUPERSEDES: BL 06-09 |

TO: Agency Secretaries
Department Directors
Department Budget Officers
Department Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Budget Officers are requested to forward this Budget Letter (BL) to the Department Facilities Manager.

This BL adjusts the dollar threshold for a project subject to division 2, part 2 of the Public Contract Code (Contracting by State Agencies), which defines a project that requires oversight by the Department of General Services (DGS).

Section 10105 of the Public Contract Code defines a "project" as the erection, construction, alteration, repair, or improvement of any state structure, building, road, or other state improvement of any kind with a total cost exceeding an amount (originally \$100,000) periodically adjusted by the Director of Finance to reflect the percentage change in the annual California Construction Cost Index (CCCI) as used by the DGS. The December 2007 CCCI was 4981. Therefore, for calendar years 2008 and 2009, the project cost threshold will be \$147,000.

Section 10108.5 of the Public Contract Code applies to departments within the Resources Agency. This section requires a biennial CCCI adjustment to: (1) the project dollar threshold (originally \$500,000) for DGS oversight, (2) the cost threshold that determines when a project must be competitively bid, and (3) the not to exceed amount for the use of day labor.

A summary of these new dollar thresholds for calendar years 2008 and 2009 follows:

| Adjusted Project Cost Threshold | 2008 and 2009 Amount |
|--|----------------------|
| Section 10105—DGS oversight required for projects over | \$147,000 |
| Section 10108.5—DGS oversight required for projects over | \$736,000 |
| Section 10108.5—competitive bidding required for projects over | \$74,000 |
| Section 10108.5 —maximum day labor amount | \$147,000 |

Any questions on this BL should be referred to Greg Rogers, Assistant Program Budget Manager for Capital Outlay, Department of Finance, at (916) 445-9694.

/s/ Greg Rogers for

Karen Finn
Program Budget Manager